

Washington State Auditor's Office

Audit Report

Spokane County Conservation District Spokane County

Audit Period
January 1, 1996 through December 31, 1999

Report No. 62060

Issue Date
March 16, 2001



Washington _____
State Auditor

Brian Sonntag

Audit Summary

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

ABOUT THE AUDIT

This report contains the results of our independent audit of the Spokane County Conservation District for the period January 1, 1996, through December 31, 1999.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated the internal controls established by District management. Our work focused on specific areas that had potential for abuse and misuse of public resources.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. The District generally had sufficient internal controls in place to safeguard assets. The District's financial statements were also complete and accurate. In addition, the District resolved the prior audit issue.

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Description of the District

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

ABOUT THE DISTRICT

The Spokane County Conservation District was established in 1973. The District operates under the laws of the state of Washington applicable to a conservation district. The District has 13 employees and is primarily funded by state grants. It operates on annual revenues of approximately \$1 million. The District provides education and conservation services to the general public.

ELECTED OFFICIALS

These are the current elected officials:

Board of Supervisors:

Randy James
David Gady
Chris Mahelona

APPOINTED OFFICIALS

Board of Supervisors:

Jerry Sheele
Ed Kuhn
Rich Baden

District Administrator

ADDRESS

District

N. 222 Havana
Spokane, WA 99202-4724
(509) 535-7274

Audit Areas Examined

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

In keeping with general auditing practices, we do not examine every portion of the District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Travel reimbursements
- Legal and supported payments
- Conflict of interest laws
- State grant requirements

INTERNAL CONTROL

We evaluated the following areas of the District's internal control structure:

- Cash disbursements
- Payroll
- Cash receipts
- Fixed assets

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Cash and investments
- Overall presentation of the financial statements and notes
- Expenditures
- Revenues

Audit Overview

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

AUDIT HISTORY

We audit the Spokane County Conservation District every three years. There was one finding issued during the last audit. The finding was related to making advanced salary payments to employees. The District acted to address our concerns. In the current audit, no conditions were noted that were significant enough to report as findings.

The District has been receptive and responsive to recommendations made by our office. We appreciate the time and resources the District invested to resolve the prior audit issue.

CONCLUSIONS

In the areas examined, we found the District complied with state laws and regulations and its own policies and procedures and requirements. The District generally had sufficient internal controls in place to safeguard assets. We also found the District's financial statements were accurate and complete.

We thank District officials and personnel for their assistance and cooperation during the audit.

Status of Prior Audit Findings

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

The status of finding contained in the prior audit report of the District is provided below:

Findings this audit: 0
Findings last audit: 1
Number of repeat findings: 0

1. **The District should not make advanced payments to employees.**

Background

In 1995 and 1997, District employees were provided the option of receiving payment for the salary increase in advance of performing the services or receiving this in monthly increments throughout the year. Most employees opted for the immediate payment and the District advanced the salary increase in one lump sum in violation of state law.

Status

Upon issuance of the finding, the Board of Supervisors immediately changed District policy to comply with state law. We consider this matter resolved.

Independent Auditor's Report on Compliance with State Laws and Regulations

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

Board of Supervisors
Spokane County Conservation District
Spokane, Washington

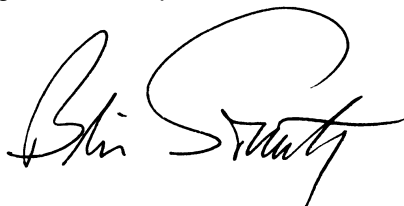
We have audited the financial statements of the Spokane County Conservation District, Spokane County, Washington, as of and for the years ended December 31, 1999, 1998, 1997 and 1996, and have issued our report thereon dated September 15, 2000.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the District's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

September 15, 2000

Independent Auditor's Report on Financial Statements

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

Board of Supervisors
Spokane County Conservation District
Spokane, Washington

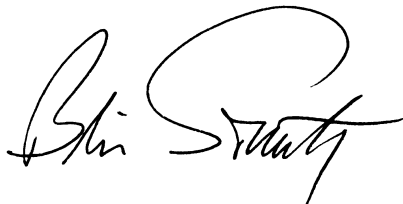
We have audited the accompanying financial statements of the Spokane County Conservation District, Spokane County, Washington, for the years ended December 31, 1999, 1998, 1997 and 1996. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Spokane County Conservation District for the years ended December 31, 1999, 1998, 1997 and 1996, on the cash basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of State and Local Financial Assistance are presented for purposes of additional analysis. These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.



BRIAN SONNTAG, CGFM
STATE AUDITOR

September 15, 2000

General Purpose Financial Statements

Spokane County Conservation District Spokane County January 1, 1996 through December 31, 1999

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 1999
Resources and Uses Arising from Cash Transactions – 1998
Resources and Uses Arising from Cash Transactions – 1997
Resources and Uses Arising from Cash Transactions – 1996
Notes to Financial Statements – 1999, 1998, 1997 and 1996

ADDITIONAL INFORMATION

Schedule of State Financial Assistance – 1999
Schedule of State Financial Assistance – 1998
Schedule of State Financial Assistance – 1997
Schedule of State Financial Assistance – 1996
Notes to the Schedule of Financial Assistance – 1999, 1998, 1997 and 1996